designed to cut production costs, wage rates, and prices. The S-D party approved this policy but opposed certain features of Brüning's decrees, and Hilferding came to the ADGB to clarify the party's position. After his report I asked him, "Do you criticize the decrees because you believe prices will not fall enough to offset the cut in wages? Would you support the decrees if you were sure prices would drop more than money wages?"

"Decidedly so," he replied.

"I, too, am against the new decrees," I said, "but for a different reason. They will slash prices without cutting real wage rates, but the final effect will be a further increase in unemployment."

A sharp exchange between Hilferding and me did not clarify the problem to the board. Union presidents listened to our dispute in sullen silence. They liked my idea of public works but were accustomed to look upon Hilferding as the greatest authority on economic theory since Karl Marx.

After the board meeting I discussed the situation with Lothar in his office. "You are continuing to step on the toes of important people," he told me. "Are these decrees so significant for your program?"

"They touch the core of the problem," I replied. "The question of 'public works' or 'no public works' is incidental. What counts is whether to fight depression by deflationary or anti-deflationary measures—that is, inflationary measures. This is where my program clashes with that of Hilferding and Brüning. I am deeply convinced that these two, with all their good intentions, are leading Germany to a terrible catastrophe. Do not look at me as if I were crazy."

"There are so few people who are deeply convinced of anything that they must seem crazy," remarked Lothar, "but without such crazy people we would be lost."

Active economic policy, with large-scale public works as its cornerstone, remained my obsession. It seemed to me that I saw—physically, with my eyes—how Brüning was leading Germany to a tragic end. At a time when evaporation of purchasing power and decline in prices were the main evils, he treated the country to ever more deflation, and with each step he took unemployment increased, the Nazi-Communist tide mounted, and the country came closer to the abyss. Yet Brüning was a man of high intelligence and irreproachable integrity. His suicidal policy stemmed from his general philosophy. He feared the phantom of a runaway inflation; he did not like the idea of pampering the unemployed by creating jobs; and he thought that a public works program was a luxury Germany could not afford.

Brüning, however, must not be blamed too severely for his errors.